

IDA-015-02: Closing Accounts for Expired Participants
Effective Date: December 1, 2014

Background: Effective October 1, 2014, Indiana was required to close all accounts where participants who have been in the program five (5) years or longer. These participants have exceeded their project period for program participation. After five years, the state and federal match funds expire. These participants must be notified and all accounts must be closed by February 28, 2015.

Process for Closing the Accounts: The state office has compiled a list of all expired participants who have who have exceeded five years of program participation. Each program administrator will receive a copy of its participants who meet those criteria for removal. Each participant must receive a letter indicating that the account will be closed and how the funds will be disbursed. All accounts must be closed by **December 31, 2014**.

Any unspent federal funds must be returned to AFI, and state funds must be returned to the state office. The personal savings will be returned to the participant. These participants are no longer eligible to participate in the IDA program.

Once all of the accounts are closed, the local program administrator **will have 45 days from December 31, 2014** to close the account in IHCDOnline, reconcile all financial accounting, and remit all matching funds to IHCD.

Adding Case Notes: When closing the accounts, program administrators must enter case notes regarding major activities that take place with the financial transactions.

Closing Expired Accounts

Process for Closing Accounts- Expired

- IHCD has identified all expired participants with OOR as an asset goal.
- IHCD will develop a termination letter informing these participants that their accounts have been closed because they have exceeded the five year project period.
- Agencies will distribute the termination letter to all participants.
- All accounts must be closed at the banks by December 31, 2014.
- Local agencies will work with banks to process any checks and return of funds to IHCD between 1/1/15-2/14/15.
- Agencies must remit final reports about expired clients to IHCD by 2/15/15.
- IHCD will remit updated SF 425s to HHS by 2/28/15.

Frequently Asked Questions

Can a participant re-enter the program if the participant was forced to close the IDA account because the time expired?

No, the participant cannot re-enter the program at a later date. According to the Indiana code, a participant is only allowed one IDA account.

If the participant never used any match or personal savings, is the participant still ineligible to receive another IDA account?

This question is currently under legislative reviewed. As soon as the state office receives confirmation, then the network will be informed.

How does a participant appeal if he/she is close to a home purchase but it won't be completed by December 31, 2014?

All participants have the option to appeal any ruling with the state office. The appeal will be taken under advisement and a final decision will be rendered.

How does the agency handle participants who were told that the accounts never have to be closed?

According to the grant application with AFI, program participants have five years to complete the program. After five years, the funds are no longer active with the federal government or the state. If the participant was not matched with AFI funds, then the agency should notify the state office for further instruction. In most instances, the accounts will be closed.

What does an agency do with accounts that were given a two-year purchase period?

The agency should contact IHCD to see if the grant is still active before proceeding.

Name
Address
City, State Zip

Re: Expiration of IDA Program

Dear IDA Participant:

Our records indicate that your family currently participates in Indiana's Individual Development Account Program (or IDA). For over five years, you have saved funds that were matched with federal and state dollars to purchase an asset: post-secondary education, job training, build or expand a business, owner occupied rehabilitation, or purchase your first home. We have been excited to increase the economic viability of your family by creating access to assets and supporting your final growth.

However, major program changes have taken place since you joined the program. Participants are no longer allowed to maintain open accounts after five years. We must inform you that your personal savings and match accounts will be closed. The IDA program allows Hoosiers to save and purchase assets for a four year period. All participants are then given an additional 12 months to make a final allowable purchase. If the funds are not spent at the end of five years, your local agency must close the personal savings and match accounts at the local bank. No more purchases will be allowed with remaining funds. Your personal savings will be returned to you, and the federal and state match funds are returned to the state office.

Here are the next steps in the process of closing your accounts. Your local agency will be closing your account at the local bank where your savings were deposited. Your personal savings will be distributed to you by December 31, 2014. The federal and state match funds will be returned to Indiana Housing and Community Development Authority, or the state office that runs the IDA program.

If you have any questions or concerns about this information, please contact your local agency at

Sincerely,

Taura Edwards
Director of Community Programs
Indiana Housing and Community Development Authority